

Message Text

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44

ACTION FS-01

INFO OCT-01 NEA-10 ISO-00 ABF-01 AID-05 IGA-02 OMB-01 /021 W
----- 073259

P 131400Z FEB 76

FM AMEMBASSY CAIRO

TO RFC PARIS PRIORITY 206

INFO SECSTATE WASHDC PRIORITY 071

DEPT OF TREASURY WASHDC PRIORITY

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E.O. 11652: N/A

TAGS: EFIN, EG, US

SUBJECT: DEPOSIT OF USG-OWNED EGYPTIAN POUNDS WITH CHASE NATIONAL
BANK

REF: CAIRO 1072

1. AS REPORTED REFTEL, EMBASSY IN PROCESS ATTEMPTING
NEGOTIATE HIGHER RATE OF INTEREST FOR OUR EGYPTIAN POUND
HOLDINGS. PENDING OUTCOME, WE HAVE WITHHELD SENDING
LERCHBAUM LETTER OF JANUARY 12 TO CHASE/EGYPT, SINCE THAT
LETTER SPECIFICALLY STIPULATES INTEREST RATE WILL BE ONE-HALF
PERCENT PER ANNUM. WE HAVE TOLD LOCAL CHASE MANAGER
OF OUR DESIRE FOR HIGHER INTEREST RATE. UNDERSTANDABLY, HE
IS AWAITING OUTCOME OF OUR TALKS WITH GOE.

2. WE HAVE NOT BEEN QUERIED BY WASHINGTON RE PROSPECTS OF
SEPARATING TWO ISSUES AND MAKING A DEPOSIT WITH CHASE/EGYPT
PRIOR TO CONCLUSION OF HIGHER INTEREST NEGOTIATIONS.
WASHINGTON WOULD LIKE TRANSFER EFFECTED BEFORE SECRETARY
SIMON'S EARLY MARCH VISIT TO EGYPT. ALTHOUGH WE MAY
ENCOUNTER PROBLEMS WITH GOE ON DEPOSIT ISSUE, WE ARE
PREPARED TO BEGIN PROCESS. HOWEVER, IN ORDER TO PRECLUDE
POSSIBILITY AT SOME LATER DATE OF CHASE CITING LERCHBAUM
LETTER IN ITS PRESENT FORM TO ARGUE AGAINST HIGHER INTEREST
RATE, WE BELIEVE LETTER SHOULD BE AMENDED TO
REFLECT OUR INTENTION ALSO NEGOTIATE HIGHER INTEREST RATE
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WITH CHASE ONCE ISSUE IS RESOLVED WITH GOE.

3. WE SUGGEST PRESENT LETTER BE MODIFIED BY ADDING IN FIRST SENTENCE, PARA 1, AFTER "ONE-HALF PERCENT PER ANNUM" THE WORDS "FOR THE TIME BEING." AN ADDITIONAL SENTENCE SHOULD THEN BE INCLUDED, "SINCE THE UNITED STATES GOVERNMENT IS PRESENTLY ENDEAVORING TO OBTAIN A HIGHER RATE OF INTEREST ON SIMILAR DEPOSITS HELD IN EGYPTIAN BANKS, WE RESERVE THE RIGHT TO REQUIRE AN EQUIVALENT RATE ON DEPOSITS WITH CHASE NATIONAL AT SUCH TIME AS THIS APPROVAL IS GRANTED." PARAGRAPH WOULD THEN END WITH, "THE ACCOUNT SHOULD BE OPENED UNDER THE FOLLOWING TITLE:" (FOLLOWED BY THE TITALE AS PRESENTLY SHOWN.)

4. SINCE THERE IS SOME URGENCY IF TRANSACTION IS TO BE CONCLUDED PRIOR TO SECRETARY SIMON'S VISIT, ISSUANCE OF A NEW LETTER IS TOO SLOW. IT WOULD TAKE ALMOST TWO WEEKS TO ARRIVE HERE FROM PARIS. IN OUR JUDGMENT, SINCE LERCHBAUM'S SIGNATURE APPEARS ON SECOND PAGE OF LETTER, QUICKEST WAY TO PROCEED WOULD BE IF EMBASSY WERE AUTHORIZED TO RETYPE FIRST PAGE ALTERING FIRST PARAGRAPH AS PROPOSED ABOVE. LETTER COULD THEN BE DELIVERED WITHOUT DELAY.

5. PLEASE ADVISE IF PROPOSED PROCEDURE AGREEABLE. ELTS

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